

NPCI / 2026-27 / NACH / 002

To
All NACH Member Banks

Subject - Introduction of ACH Debit settlement on realization under NACH

Overview

NPCI offers ACH debit transactions under NACH as a payment product for purpose of making electronic fund transfer. Currently, settlement is carried out separately i) at presentation stage, and ii) at return stage. In view of mitigating settlement risk, settlement only upon realization is being introduced for ACH Debit transactions.

This measure is being implemented to mitigate settlement risk and improve liquidity management across the NACH ecosystem by ensuring that financial settlement is executed only for transactions that are duly confirmed or deemed accepted within prescribed timelines.

Scope and Applicability

This circular shall be applicable to all ACH Debit transactions under NACH, including those from existing and new mandates, unless otherwise specified by NPCI.

Operational Directions

1. Discontinuation of Settlement at Presentation Stage

Financial settlement at the presentation stage shall be discontinued. Hence, at presentation, member banks must continue exchange ACH Debit transaction data between member banks and shall not trigger any financial settlement.

2. Settlement on Realization

Financial settlement shall be effected only after either:

- Receipt of positive confirmation from the destination bank; or
- Deemed acceptance of the transaction where no response is received from the destination bank within prescribed timelines, of the existing return session cycles.

Transactions that are negatively confirmed by destination banks shall not be considered for settlement.

3. Handling of Negatively Confirmed Transactions

For ACH Debit transactions that are negatively confirmed:

- No financial settlement shall be executed; and
- Details of such negative confirmations shall be provided to presenting banks through the existing channel of response files.

Type

Circular

Product / Brand

NACH

Category

ACH Debit Transactions

Member

All NACH Member Banks

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- c) Presenting banks shall communicate such outcomes to the originators and take further action, including re-presentation where applicable, in accordance with prevailing NACH processes

4. Use of Presentation Session Settlement Reports

As presentation sessions shall no longer result in financial settlement, settlement reports generated for such sessions shall be used only for reference and reconciliation purposes. Members shall rely on file-level acknowledgements and revised reconciliation arrangements for monitoring, validation, and control.

5. Reconciliation and Acknowledgement Controls

For reconciliation purposes:

- a) Acknowledgements received for each presentation file shall continue to be treated as the primary basis for validation.
- b) In cases of record-level rejections within a file, member banks shall take appropriate corrective action and re-present such records, wherever applicable.

Member banks are advised to further strengthen acknowledgement-based reconciliation processes and related operational controls to align with the on-realization settlement framework. There shall be no change to existing file formats or acknowledgement structures.

6. Risk Mitigation and Liquidity Management

The ACH Debit settlement on realization framework ensures that financial settlement is processed only for transactions that are confirmed or deemed accepted. This is expected to significantly reduce settlement risk, enhance reconciliation accuracy, and improve liquidity predictability and management across the NACH ecosystem.

Action Required by Member Banks

Member banks shall review and suitably align their systems, internal processes, reconciliation mechanisms, settlement posting logic, MIS, and liquidity management practices to ensure complete readiness for implementation of the revised settlement mechanism on or before the Effective Date.

The contents of this circular may please be disseminated to all concerned officials within your organisation for necessary action and compliance.

Yours Sincerely

SD/-

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